NOTES FOR REMARKS BY

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CONFERENCE THEME - "THE SEARCH FOR PEACE IN A WORLD IN CRISIS"

We meet in an eventful month, this August of 1981. It has been a month of conflict in the skies off the Libyan coast, of announcements of the assembly of enhanced radiation warheads, of ominous rumblings in Eastern Europe, of the further failure to conclude the Law of the Sea Conference, and more. Much more. Eight days ago in Nairobi, Kenya, for example, there concluded the United Nations Conference on New and Renewable Sources of Energy. The conference enjoyed some success, but the major disappointment was the failure of many governments to exhibit an awareness of the critical nature of the energy problem in developing countries.

Two weeks ago The New York Times carried on its front page the obituary of the Non-Proliferation Treaty. The word 'obituary' was not used, but there was no need. Two articles, cheek by jowl, told the story. One was headlined "Weinberger Said to Offer Reagan Plan to Regain Atomic Superiority". (The first sentence read: "Secretary of Defence Caspar W. Weinberger has prepared for President Reagan a comprehensive proposal to expand the nation's strategic nuclear deterrent

forces that goes well beyond previous plans to strengthen those forces, according to senior administration officials.") In the adjoining column, exactly horizontal, the other headline said "U.S. Starts Seeking Mideast Atom Ban." (The first sentence: "The United States has begun to seek an accord to keep the Middle East free of nuclear weapons, the new director of the Arms Control and Disarmament Agency said today.") I don't recall the issue ever having been so graphically stated by a nuclear weapon state. Vertical proliferation will accelerate; horizontal proliferation will be discouraged; Article VI is irrelevant.

There have been previous Augusts in history which make claim to infamous events. The turbulence and apprehension of recent weeks do not qualify August 1981 for inclusion on that short list. Nevertheless, the cumulative total of these events must give all observers grave pause. Give pause as well to world leaders.

In his most celebrated work, Jacob Bronowski posed squarely the question that cannot be ignored by decision makers. "The ascent of man", he wrote, "is always teetering in the balance. There is always a sense of uncertainty, whether when man lifts his foot for the next step it is really going to come down pointing ahead ... what is ahead for us?".

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What indeed? The Brandt Commission summed up its own views cogently. The Report stated: "At the beginnings of the 1980s the world community faces much greater dangers than at any time since the Second World War".

President François Mitterand placed on this risk-assessment his own summation. In an interview shortly following his election, he said: "I am convinced that the balance between the two parts of the world, the industrialized nations and the others, will be one of the causes of the most serious tragedies at the end of the century, to be explicit, of world war".

The response of all-too-many governments to these forebodings has been one of indifference, certainly one of unwillingness to attach a sense of urgency or priority to the North-South dimension of international activity. There is a whistling in the dark as governments tiptoe past the ghosts let loose by the Brandt Commission. If there is uncertainty about the plight of mankind, there is precious little admission of the fact in the demeanors of many Northern governments. Yet uncertainty there should be say the Brandt Commissioners. And so say the authors of the Global 2000 Report.

The lesson we have as yet failed to absorb is that in economic terms, in political terms, in environmental terms, in military terms, errors committed now may prove to be irreversible in the future.

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The non-military perils falls into several familiar categories, of which population, food, debt, and energy occupy prominent place. All of them connect North and South. None of them are remediable without the application of greater resources, both human and financial. These perils increase partly from lack of adequate funding. The military peril - the arms races - increases because of too much funding. The contrast of world cumulative totals in these two separate categories is quite startling: annual expenditure on ODA - $US20 billion; annual expenditure on arms - $US450 billion.

It would be simplistic to say that a reversal of these dollar flows would reduce both categories of peril. That would not happen because development is a complex issue, demanding research, requiring time, consuming investment, absorbing technology. The simple diversion of funds from the one sector of activity to the other is not, in itself, the whole answer. Yet without a diversion, there may be no answer. There exists a broad range of difficulties faced by the developing countries and an equally broad spectrum of changes that must be introduced in order to meet them. These difficulties and these reforms are in some instances economic in nature, in some instances political, in most instances social. Yet they all require for their solution a much increased application of resources, both human and financial.

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The food issue is a good example. It is well known that millions of people go to bed hungry every night. But the full extent of the problem is less well known, particularly in the North. On occasions of severe famine, as have occurred in the Sahel or in Bangladesh, or in crises associated with large migrations of refugees as in Kampuchea or in Somalia, the enormity of the plight is communicated around the world by the news media; public opinion then demands some response. But the widespread, pervasive deprivation suffered by so many worldwide does not ignite the same sense of concern. Five hundred million persons are estimated to be suffering from severe under-nutrition. Millions of children die each year from hunger-related illness and disease; millions more suffer stunted physical and mental development. This is the day-to-day reality of the food issue. It does not create, nor can it sustain, headlines. Yet it is the reality behind so much of the anguish and difficulties of the developing countries.

No country can perform well economically if its population is malnourished; not in the North, not in the South. But the developing countries are particularly vulnerable in this respect. In the great majority of them the single most widely available, most dependable, and most important source of energy is the human body - not oil wells, or hydro-electric facilities, or nuclear reactors. And that source - the human body - depends for its fuel on food. A fuel which increasingly is in a supply-demand deficit.

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Excluding the People's Republic of China for purposes of computation, the population of the world in countries where per capita GNP is less than $500 per year is somewhere around 2 billion. As recently as 1975 the combined food deficit of those countries was some 37 million metric tons. IFPRI, the International Food Policy Research Institute, estimates that that deficit will increase by 1990 to between 120 and 145 million metric tons. Yet those awesome figures, daunting as they are, relate only to minimum survival requirements. Should our goal be to increase dietary levels to something approaching acceptable standards, there would be required an additional 45 to 55 million metric tons of food.

Is any progress being made to meet those figures? Yes, and no. In some countries, India is an outstanding example, the success is remarkable. Worldwide, however, the problem increases. According to FAO, food production in 1979 grew by less than 1 per cent, and in 1980 by less than .3 per cent, in both instances far below the rate of population growth. Not unexpectedly, this demand-supply gap has introduced a damaging new phenomenon into developing countries - inflation in the food sector. It is an inflation that is picking up momentum. In 47 selected developing countries in the period 1972-78, food prices grew faster than the overall rate of inflation in every year but one according to FAO.

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Most worrisome of all, developing countries are increasingly reliant on food imports. At the present time, more than 100 countries, almost all of them LDCs, are in food deficit positions. Their total food-import bill in 1979 was $US38 billion, $US5 billion higher than the previous year. Four-fifths of this figure is accounted for by the non-oil exporting countries. This is tragic because these countries are already saddled with massive debt, much of which is accounted for by oil imports.

Yet the position of the other one-fifth, the oil-exporting developing countries, is equally tragic. Why are these countries not developing their domestic agricultural sectors? In these countries, evidence points to a correlation between growth in national income and growth in agricultural imports. Obviously, if this trend were to spread, it would spell disaster. An examination of the circumstances in 13 oil producing developing countries over the five year period ending in 1978 reveals the following:

> Of the 12 countries capable of domestic agricultural activity, the percentage increase in national income in every instance exceeded the percentage increase in agricultural production.

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In 10 of the countries the percentage increase in agricultural imports exceeded the percentage increase in agricultural production.

In 8 of the countries, the percentage increase in agricultural imports exceeded even the percentage increase in national income.

In all too many cases, sometimes with startling impact, the availability of foreign exchange earned from oil exports has led to the importation of food rather than to an increase in domestic food production. In extreme cases, growth in food imports is outstripping growth in food production by more than 2 to 1. In these instances not only is the demand for increased food translated into off-shore purchases rather than allowed to act as a stimulus for domestic production, but the consumption patterns generated become an actual depressant for local agriculture. New tastes are developed. Convenience foods come to be favoured. Necessary but expensive capital investments in irrigation, in storage and transportation facilities, and in agricultural research are postponed, often indefinitely.

Why does this happen? Simply stated, because it is easier to import food from reliable sources (as Nigeria imports massive quantities of processed chicken from the United States) then it is to reform and

stimulate the agricultural sector. The latter is an immensely complex task which requires policy decisions taking into account myriad factors including price incentives to the producers. Increased agricultural productivity is not, as we know so well in North America, a simple case of supply-side economics. Without adequate return, a farmer in Haute Volta is no more likely to increase his production than is one in Western Canada. Yet food pricing policy is as potentially turbulent in social and political terms as are food imports in economic terms. Governments as distant from one another as Poland, Egypt, Sri Lanka and Jamaica have suffered from this dilemma.

One other correlate must be examined. What if per capita incomes increased? Would that provide an adequate incentive to produce more? Of course, but with explosive impact that only sound political planning could relieve. Income redistribution in developing countries is clearly a desirable social goal, but it must not be assumed that it will prompt an equal shift in consumption, or that the consequences will be tranquil. Let me use food as an example.

It is demonstrably evident that the poor spend the bulk of any increment to their income on food. In India, for example, those persons in the lowest 20 per cent of the income scale spend 60 per cent of any income increment on food grains, and 85 to 90 per cent on food and agricultural commodities in total. In sharp contrast, those persons

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in the top 10 per cent of the income scale spend only 5 per cent of any income increment on grain and only 35 per cent on all food and agricultural commodities. Thus one dollar of income removed from the rich will reduce demand for grain by only 5 cents. Given to the poor, however, that same dollar will increase the demand for grain by 60 cents. A policy of balanced income redistribution which shifts a dollar from rich to poor will raise food demand by the poor twelve times as much as it lowers food demand by the rich. That twelve-fold increase in demand will have to be met, or severe political repercussions will follow. According to studies done by the International Food Policy Research Institute, this pattern holds broadly true throughout the Third World.

These needs, and they extend into many basic sectors in addition to food, require not just the attention of governments worldwide, but as well the shifting of government priorities and resources. Often this shift must be from the military sector to the civilian. Developmental activity has not always been cost-effective, or well-designed, or productive of fully constructive benefits. Yet compared with military activity in the Third World, which drags behind it a dismal record of lack of accomplishment, the contrast is extraordinary. Countries which suffer from a lack of foreign exchange dedicate funds to the acquisition and maintenance of sophisticated equipment and weapons systems which in most instances grow obsolescent without ever being employed. Societies which

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desparately lack technicians and trained personnel in almost every field of endeavour create armies which absorb skilled artisans and mechanics and which dedicate their activities to non-developmental ends. "Armies of the middle-class"; privileged, non-productive, life-long careers, where skill transfers into the non-military sector are the exception rather than the rule as in the North. Economies in great need of technology in order to gain a competitive foot-hold in international markets dedicate their energies to the acquisition of military gadgetry, the great majority of which has no application or spin-off into civilian activities.

With the full collaboration of the North, indeed with the active stimulus of the North, this process of military spending is accelerating. It is ironic that the most dynamic transfer of sophisticated equipment and technology from North to South is of a military nature. This has contributed to the tragic circumstance that in this area of activity, the developing countries are experiencing a growth rate considerably higher than that of the industrialized states. The Third World's share of global military expenditures has risen from 3 per cent in 1955 to 15.3 per cent in 1979 according to SIPRI, the Swedish International Peace Research Institute. That respected institute calculates that the annual increase in military spending in the period 1975-79 was 15 per cent for developing countries, 3 to 5 per cent for

industrialized countries. With the enthusiastic participation of the armaments-manufacturing North, six developing countries each spend more than US$1 billion annually on military expenditures, the greater part of it in the acquisition of costly, sophisticated armaments. The "big three" weapons sources are the United States, the Soviet Union and France which in the period 1970-79 shared, respectively, 45 per cent, 27.5 per cent and 10 per cent of total sales to the Third World. The region which imported the lion's share of arms in that period was the Middle East - 48 per cent of the total purchased by the Third World. The contribution these transfers have made to tranquility, stability, and personal security is apparent in every news story originating from that part of the world.

These military expenditures are economic and political aspects of development which demand as much attention as those directly related to food, health, education and shelter. These aspects are denied attention in many northern countries because of the obvious profitability of the arms trade and the all-too-often blind dedication to irrelevant ideological dogma. They are not widely known in most developing countries because information relating to military expenditures are cloaked beneath the ever-protective mantle of national security. There is an immense need for an internationally-neutral and -credible data base on arms acquisition and military expenditures. This would have

the double effect of reassuring some countries now spending heavily that their fears of weapons build-up by potential adversaries are without factual foundation, and would supply information upon which to build needed public education programs in countries both North and South. Without a decent awareness of what is happening, citizens have no basis upon which to resist the military proposals of their governments. Eventually, such a data base could serve as well as the starting point for arms-control and disarmanent verification exercises. It could even play a role in an incentive program to offer enhanced multilateral developmental assistance to those Third World countries which demonstrate a reduction in their military budgets.

At Cancun, Mexico in October, at the regular session of the U.N. General Assembly, and at a host of intergovernmental conferences and committee meetings, the multi-faceted problems of the developing nations will be addressed this fall. There will be no break-throughs, however, until world leaders accept the evidence before them: i) that the issues are not simply economic but of considerable political moment as well, for they relate to control of power - more properly put, the sharing of power and the sharing of responsibility, and ii) that the fate of nations North and South are so inextricably entwined that the problems pre-occupying the North cannot be solved without the resolution of those facing the developing countries.

Bronowski offered an answer to the question he posed "... what is ahead for us?" "... the bringing together", he said, "of all that we have learned, in physics and in biology, towards an understanding of where we have come; what man is?"

The invaluable contribution of Pugwash Conferences is found in that very process - the competent bringing together of all we have learned, and its presentation in light of contemporaneous circumstance. Without the credible performance of that task, and a broad awareness of the fragility of the present human condition, mankind may not have the ability to resist future infamous Augusts.